

45:2B-50.1

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2008 **CHAPTER:** 45

NJSA: 45:2B-50.1 (Allows certified public accountants licensed in other states to practice public accountancy and attest services in this State under certain circumstances)

BILL NO: A2466 (Substituted for S229)

SPONSOR(S): Prieto and others

DATE INTRODUCED: March 6, 2008

COMMITTEE: **ASSEMBLY:** Regulated Professions

SENATE:

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** May 19, 2008

SENATE: May 22, 2008

DATE OF APPROVAL: July 15, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Original version of bill enacted)

A2466

SPONSOR'S STATEMENT: (Begins on page 11 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S229

SPONSOR'S STATEMENT: (Begins on page 9 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government
Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

LAW

P.L. 2008, CHAPTER 45, *approved July 15, 2008*
Assembly, No. 2466

1 AN ACT concerning certified public accountants, amending and
2 supplementing P.L.1997, c.259 and repealing section 15 of
3 P.L.1997, c.259.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to
9 read as following:

10 3. As used in this act:

11 "Attest" means providing any of the following financial
12 statement services: any audit or other engagement to be performed
13 in accordance with the Statements on Auditing Standards (SAS);
14 any review of a financial statement to be performed in accordance
15 with the Statements on Standards for Accounting and Review
16 Services (SSARS); **[or]** any examination of prospective financial
17 information to be performed in accordance with the Statements on
18 Standards for Attestation Engagements (SSAE) and any
19 engagement to be performed in accordance with the auditing
20 standards of the Public Company Accounting Oversight Board
21 (PCAOB). The statements on standards specified herein shall be
22 adopted by regulation by the board and shall be in accordance with
23 standards developed for general application by recognized national
24 accountancy organizations such as the American Institute of
25 Certified Public Accountants and the PCAOB.

26 "Board" means the New Jersey State Board of Accountancy.

27 "Compilation" means providing a service, to be performed in
28 accordance with Statements on Standards for Accounting and
29 Review Services (SSARS), by presenting, in the form of financial
30 statements, information that is the representation of management or
31 owners without undertaking to express any assurance on the
32 statements.

33 "Financial statements" means statements and related footnotes
34 that purport to present an actual or a prospective financial position
35 at a particular time, or results of operations, cash flow, or changes
36 in financial position for a period of time, in conformity with
37 generally accepted accounting principles or another comprehensive
38 basis of accounting. The term includes specific elements, accounts
39 or items of such statements, but does not include: incidental

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 financial data included in management advisory service reports to
2 support recommendations to a client; or tax returns and supporting
3 schedules.

4 "Firm" means a sole proprietorship, a professional corporation, a
5 partnership, a limited liability company, a limited liability
6 partnership, or any other lawful form of business organization.

7 "Home office" means the location specified by the client as the
8 address to which a service described in subsection d. of section 6 of
9 P.L. , c. (C.) (pending before the Legislature as this bill) is
10 directed.

11 "License" means a license or registration issued to an individual
12 or firm permitting the individual or firm to practice public
13 accountancy.

14 "Licensee" means the holder of a license issued pursuant to this
15 act.

16 "Manager" means a manager of a limited liability company.

17 "Member" means a member of a limited liability company.

18 "Nonlicensee" means a person not licensed as a certified public
19 accountant or a public accountant of any state or possession of the
20 United States or the District of Columbia.

21 "Owner of a firm" means any person with an equity or equivalent
22 interest in a firm, such as a shareholder with respect to a
23 corporation or a partner with respect to a partnership, or an
24 individual with respect to a sole proprietorship.

25 "Practice of public accountancy" means the performance or the
26 offering to perform attest services for a client or potential client, by
27 a licensee **[or]** , registered firm or individual qualifying for practice
28 privileges under section 6 of P.L. , c. (C.) (pending before
29 the Legislature as this bill). The "practice of public accountancy"
30 also means the performance or the offering to perform by a licensee
31 or individual qualifying for practice privileges under section 6 of
32 P.L. , c. (C.) (pending before the Legislature as this bill) of
33 one or more of the following: a compilation of a financial statement
34 to be performed in accordance with SSARS, management advisory,
35 financial advisory or consulting services, or the preparation of tax
36 returns or the furnishing of advice on tax matters.

37 "Practice unit" means any office of a firm registered with the
38 board to engage in the practice of public accountancy in the State of
39 New Jersey.

40 "Principal place of business" means the office location
41 designated by a licensee for purposes of substantial equivalency and
42 reciprocity.

43 "Quality review" means a study, appraisal or review of one or
44 more aspects of the professional work of a licensee, or individual
45 qualifying for practice privileges under section 6 of P.L. , c.
46 (C.) (pending before the Legislature as this bill), or registered
47 firm that performs attest or compilation services, by a person who is
48 a certified public accountant or public accountant and who is not

1 affiliated with the licensee, the individual qualified for practice
2 privileges under section 6 of P.L. , c. (C.) (pending before the
3 Legislature as this bill), or registered firm being reviewed.

4 "Report" when used with reference to financial statements,
5 means an opinion, report, or other form of language that states or
6 implies assurance as to the reliability of any financial statement and
7 that also includes or is accompanied by any statement or
8 implication that the person or firm issuing it has special knowledge
9 or competence in accounting or auditing. Such a statement or
10 implication of special knowledge or competence may arise from use
11 by the issuer of the report of names or titles indicating that the
12 person or firm is an accountant or auditor, or from the language of
13 the report itself. The term "report" includes any form of language
14 which disclaims an opinion when that form of language is
15 conventionally understood to imply any positive assurance as to the
16 reliability of the financial statement referred to or special
17 competence on the part of the person or firm issuing that language,
18 or both; and it includes any other form of language that is
19 conventionally understood to imply that assurance or that special
20 knowledge or competence, or both.

21 (cf: P.L.2001, c.149, s.1)

22

23 2. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to
24 read as follows:

25 13. a. [A firm engaged in this State in the practice of attest
26 services shall be required to register with the board as a firm of
27 certified public accountants. A firm engaged in the practice of
28 public accountancy, but not performing attest services, shall be
29 eligible to register with the board as a firm of certified public
30 accountants. In either case, the firm shall meet the following
31 requirements:] The board shall only grant or renew registration to
32 a firm engaged in the practice of attest services or public
33 accountancy if that firm meets the requirements provided in this
34 section.

35 (1) A firm shall register with the board if it:

36 (a) Has an office in this State engaged in the practice of attest
37 services;

38 (b) Has an office in this State that uses the title "Certified Public
39 Accountant," "CPA," "Certified Public Accountant firm," or "CPA
40 firm;" or

41 (c) Does not have an office in this State, but performs services
42 described in subsection d. of section 6 of P.L. , c. (C.)
43 (pending before the Legislature as this bill) for a client having its
44 home office in this State.

45 (2) A firm that does not have an office in this State may perform
46 compilation services or review financial statements in accordance
47 with the Statements on Standards for Accounting and Review
48 Services (SSARS), and may practice public accountancy as

1 authorized under this section, for a client having its home office in
2 this State and may use the title "Certified Public Accountant,"
3 "CPA," "Certified Public Account firm," or "CPA firm," without
4 registering with the board if:

5 (a) It has the qualifications described in section 26 of P.L.1997,
6 c.259 (C.45:2B-67) and in subsection a. of section 6 of P.L.1999,
7 c.215 (C.45:2B-54.1); and

8 (b) It performs those services through an individual with
9 practice privileges under section 6 of P.L. , c. (C.) (pending
10 before the Legislature as this bill).

11 (3) A firm that is not subject to the requirements of paragraphs
12 (1) or (2) of this subsection may perform other professional services
13 included in the practice of public accountancy while using the title
14 "Certified Public Accountant," "CPA," "Certified Public Account
15 firm," or "CPA firm" in this State without registering with the board
16 if:

17 (a) It performs those services through an individual with
18 practice privileges under subsection d. of section 6 of P.L. , c.
19 (C.) (pending before the Legislature as this bill); and

20 (b) It can lawfully do so in the state where those individuals
21 with practice privileges have their principal place of business.

22 (4) A firm with an office in this State that is engaged in the
23 practice of public accountancy but not performing attest services,
24 shall be eligible to register with the board as a firm of certified
25 public accountants.

26 b. A firm seeking to register with the board shall meet the
27 following requirements:

28 (1) At least one owner of the firm shall be a certified public
29 accountant in good standing, and licensed to practice public
30 accountancy in this State, except that this requirement is waived for
31 firms that perform services for which firm registration is required
32 under subparagraph (c) of paragraph (1) of subsection a. of this
33 section through an individual who qualifies for the practice
34 privilege under section 6 of P.L. , c. (C.) (pending before the
35 Legislature as this bill);

36 (2) Each owner of the firm, other than a nonlicensee, shall be a
37 certified public accountant of any state or possession of the United
38 States or the District of Columbia in good standing, and licensed to
39 practice public accountancy where licensed;

40 (3) There shall be a certified public accountant in the firm who
41 has ultimate responsibility for each attest engagement. On all firm
42 applications and renewal forms, a licensee or an individual who
43 qualifies for the practice privilege under section 6 of P.L. , c.
44 (C.) (pending before the Legislature as this bill) shall be
45 designated as responsible and in charge of all professional matters
46 relating to the practice of accountancy by the registered firm. Each
47 resident manager in charge of a practice unit of a firm in this State
48 and each owner thereof, other than a nonlicensee, personally

1 engaged within this State in the practice of public accountancy shall
2 be a certified public accountant in good standing, and licensed to
3 practice public accountancy in this State, or shall be an individual
4 who qualifies for the practice privilege under section 6 of P.L. , c.
5 (C.) (pending before the Legislature as this bill).

6 **[b.] c.** Application for registration of a firm shall be made upon
7 the affidavit of an owner of the firm who is a certified public
8 accountant in good standing and licensed to practice public
9 accountancy in this State or who qualifies for the practice privilege
10 under section 6 of P.L. , c. (C.) (pending before the Legislature
11 as this bill). The board shall in each case determine whether the
12 applicant is eligible for registration. A firm which is so registered
13 may use the words "certified public accountant" or the abbreviation
14 "CPAs" in connection with its firm name. Notification shall be
15 given to the board within 90 days after admission or withdrawal of
16 an owner licensed and practicing in this State from any firm so
17 registered.

18 (cf: P.L.2001, c.149, s.5)

19
20 3. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to
21 read as follows:

22 14. a. A firm engaged in this State in the practice of attest
23 services and not otherwise registered with the board or exempt from
24 registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall
25 be required to register with the board as a firm of public
26 accountants. A firm engaged in the practice of public accountancy,
27 but not performing attest services, shall be eligible to register with
28 the board as a firm of public accountants. In either case, the firm
29 shall meet the following requirements:

30 (1) At least one owner of a firm shall be a public accountant or
31 certified public accountant in good standing, and licensed to
32 practice public accountancy in this State;

33 (2) Each owner of the firm, other than a nonlicensee, shall be a
34 public accountant or certified public accountant of any state or
35 possession of the United States or the District of Columbia in good
36 standing, and licensed to practice public accountancy where
37 licensed;

38 (3) There shall be a public accountant or certified public
39 accountant in the firm who has ultimate responsibility for each
40 attest engagement. On all firm applications and renewal forms, a
41 licensee shall be designated as responsible and in charge of all
42 professional matters relating to the practice of accountancy by the
43 registered firm. Each resident manager in charge of a practice unit
44 of a firm in this State and each owner thereof, other than a
45 nonlicensee, personally engaged within this State in the practice of
46 public accounting shall be a public accountant or a certified public
47 accountant of this State in good standing and licensed to practice
48 public accountancy in this State.

1 b. Application for registration of a firm shall be made upon the
2 affidavit of an owner of the firm who is a public accountant or
3 certified public accountant of this State in good standing and
4 licensed to practice public accountancy in this State. The board
5 shall in each case determine whether the applicant is eligible for
6 registration. A firm which is so registered may use the words
7 "public accountant" or the abbreviation "PAs" in connection with its
8 firm name. Notification shall be given to the board within 90 days
9 after admission or withdrawal of an owner licensed and practicing
10 in this State from any firm so registered.

11 (cf: P.L.2001, c.149, s.7)

12

13 4. Section 20 of P.L.1997, c.259 (C.45:2B-61) is amended to
14 read as follows:

15 20. a. No individual or firm shall issue a report on financial
16 statements of any other individual, firm, organization, or
17 governmental unit unless that person or firm holds a valid license or
18 registration issued under this act, qualifies for the practice privilege
19 under section 6 of P.L. , c. (C.) (pending before the
20 Legislature as this bill), or is exempt from registration under section
21 13 of P.L.1997, c.259 (C.45:2B-54), except that this prohibition
22 shall not apply to: an officer, partner, member, manager or
23 employee of any firm or organization affixing that person's own
24 signature to any statement or report in reference to the financial
25 affairs of that firm or organization with any wording designating the
26 position, title or office that the person holds in the firm or
27 organization; any act of a public official or employee in the
28 performance of that person's duties; the performance by any person
29 of other services involving the use of accounting skills, including
30 the preparation of tax returns or financial statements prepared
31 without the issuance of reports, or providing a management
32 advisory service.

33 b. The prohibition contained in subsection a. of this section is
34 applicable to the issuance, by a person not holding a valid license or
35 a firm not holding a valid registration, of a report using any form of
36 language conventionally used by licensees respecting review of
37 financial statements or compilation of financial statements.

38 (cf: P.L.1997, c.259, s.20)

39

40 5. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to
41 read as follows:

42 21. a. No person shall use or assume the title or designation
43 "certified public accountant," or the abbreviation "CPA" or any
44 other title, designation, words, letters, abbreviation, sign, card, or
45 device tending to indicate that the person is a certified public
46 accountant unless that person holds a current license as a certified
47 public accountant under this act or qualifies for the practice

- 1 privilege under section 6 of P.L. , c. (C.) (pending before
2 the Legislature as this bill).
- 3 b. No firm shall use or assume the title or designation "certified
4 public accountant," or the abbreviation "CPA," unless otherwise
5 provided for by law, or any other title, designation, words, letters,
6 abbreviation, sign, card, or device tending to indicate that the firm
7 is composed of certified public accountants, unless the firm holds a
8 current registration issued under this act or is exempt from
9 registration under section 13 of P.L.1997, c.259 (C.45:2B-54).
- 10 c. No person shall use or assume the title or designation
11 "public accountant," or the abbreviation "PA," or any other title,
12 designation, words, letters, abbreviation, sign, card, or device
13 tending to indicate that the person is a public accountant unless that
14 person holds a current license as a public accountant under this act.
- 15 d. No firm shall use or assume the title or designation "public
16 accountant," or the abbreviation "PA," unless otherwise provided
17 for by law, or any other title, designation, words, letters,
18 abbreviation, sign, card, or device tending to indicate that the firm
19 is composed of public accountants, unless the firm holds a current
20 registration issued under this act.
- 21 e. No person or firm shall use or assume the title or designation
22 "certified accountant," "chartered accountant," "enrolled
23 accountant," "licensed accountant," "registered accountant,"
24 "accredited accountant," or any other title or designation likely to
25 be confused with the titles "certified public accountant" or "public
26 accountant," or use any of the abbreviations "CA," "LA," "RA,"
27 "AA," or similar abbreviations likely to be confused with the
28 abbreviations "CPA" or "PA," unless that person or firm holds a
29 current license or registration issued under this act, qualifies for the
30 practice privilege under section 6 of P.L. , c. (C.) (pending
31 before the Legislature as this bill), or is exempt from registration
32 under section 13 of P.L.1997, c.259 (C.45:2B-54).
- 33 f. No person or firm shall use or assume the title "enrolled
34 agent" or "EA," unless so designated by the Internal Revenue
35 Service.
- 36 g. No person or firm shall use or assume any title or
37 designation that includes the words "accountant," "auditor," or
38 "accounting" in connection with any other language, including the
39 language of a report, that implies that the person or firm holds such
40 a certificate, permit, or registration or has special competence as an
41 accountant or auditor, unless that person or firm holds a current
42 license or registration issued under this act, qualifies for the
43 practice privilege under section 6 of P.L. , c. (C.) (pending
44 before the Legislature as this bill), or is exempt from registration
45 under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this
46 subsection shall not prohibit any officer, partner, member, manager,
47 or employee of any firm or organization from affixing that person's
48 own signature to any statement in reference to the financial affairs

1 of that firm or organization with any wording designating the
2 positions, title, or office that the person holds in the firm or
3 organization, nor shall this subsection prohibit any act of a public
4 official or employee in the performance of the person's duties.

5 h. No person holding a license or firm holding a registration
6 under this act shall engage in the practice of public accountancy
7 using a professional or firm name or designation that is misleading
8 with regard to the form in which the firm is organized, or about the
9 persons who are partners, officers, members, managers or
10 shareholders of the firm, or about any other matter, except that
11 names of one or more former partners, members, managers, or
12 shareholders may be included in the name of a firm or its successor.

13 i. The provisions of this section shall not apply to a person or
14 firm holding a certification, designation, degree, or license granted
15 in a foreign country, entitling the holder thereof to engage in the
16 practice of public accountancy or its equivalent in that country,
17 whose activities in this State are limited to the provision of
18 professional services to persons or firms who are residents of,
19 governments of, or business entities of the country in which the
20 person holds that entitlement, so long as that person or firm issues
21 no reports with respect to the financial statements of any other
22 persons, firms, or governmental units in this State, and does not use
23 in this State any titles or designation other than the one under which
24 the person practices in the foreign country, followed by a
25 translation of that title or designation into the English language, if it
26 is in a different language, and by the name of that country.

27 j. A financial services corporation, the voting stock of which is
28 traded on a recognized exchange or over-the-counter, may use the
29 truthful fact in advertising that the firm employs certified public
30 accountants.

31 k. Notwithstanding any other provision of this section, it shall
32 not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm
33 that has not registered with the board and that does not have an
34 office in this State to provide professional services in this State so
35 long as it complies with paragraph (2) or paragraph (3) of
36 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).
37 (cf: P.L.2001, c.149, s.8)

38

39 6. (New section) a. An individual whose principal place of
40 business is not in this State shall be presumed to have qualifications
41 substantially equivalent to this State's requirements for certified
42 public accountants and shall have all the privileges of licensed
43 certified public accountants of this State without the need to obtain
44 a license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the
45 board or pay any fee if that individual:

46 (1) Holds a valid license as a certified public accountant from
47 any state which the National Association of State Boards of
48 Accountancy's (NASBA) National Qualification Appraisal Service

1 has verified to be in substantial equivalence with the certified
2 public accountant licensure requirements of the American Institute
3 of Certified Public Accountants AICPA/NASBA Uniform
4 Accountancy Act; or

5 (2) Holds a valid license as a certified public accountant from
6 any state which the NASBA's National Qualification Appraisal
7 Service has not verified to be in substantial equivalence with the
8 certified public accountant licensure requirements of the AICPA/
9 NASBA Uniform Accountancy Act, but that individual obtains
10 from the NASBA's National Qualification Appraisal Service
11 verification that the individual's personal certified public
12 accountant qualifications are substantially equivalent to the certified
13 public accountant licensure requirements of the AICPA/NASBA
14 Uniform Accountancy Act.

15 b. In accordance with the provisions of this section and
16 notwithstanding any other provision of law, an individual who
17 offers or renders professional services, whether in person or by
18 mail, telephone, or electronic means, shall be granted practice
19 privileges in this State and no notice or other submission shall be
20 required of that individual. Such individual shall be subject to the
21 requirements of subsection c. of this section.

22 c. An individual licensee of another state exercising the
23 privilege afforded by this section and the firm that employs that
24 licensee hereby simultaneously consent, as a condition of exercising
25 that privilege:

26 (1) To the personal and subject matter jurisdiction and
27 disciplinary authority of the board;

28 (2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and
29 the regulations promulgated pursuant to that act;

30 (3) That in the event the license from the state of the
31 individual's principal place of business is no longer valid, the
32 individual will cease offering or rendering professional services in
33 this State individually and on behalf of a firm; and

34 (4) To the appointment of the state board or other authority that
35 issued the individual's license as the individual's agent upon which
36 process may be served in any action or proceeding by this State's
37 board against the licensee.

38 d. An individual who has been granted the practice privilege
39 under this section who, for any entity with its home office in this
40 State, performs any of the following services:

41 (1) A financial statement audit or other engagement to be
42 performed in accordance with the Statements on Auditing Standards
43 (SAS);

44 (2) An examination of prospective financial information to be
45 performed in accordance with the Statements on Standards for
46 Attestation Engagements (SSAE); or

1 (3) An engagement to be performed in accordance with the
2 Public Company Accounting Oversight Board (PCAOB) Auditing
3 Standards;

4 may only do so through a firm which has registered with the
5 board under section 13 of P.L.1997, c.259 (C.45:2B-54).

6 e. A licensee of this State offering or rendering services or
7 using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62)
8 in another state shall be subject to disciplinary action in this State
9 for an action committed in another state for which the licensee
10 would be subject to discipline for an act committed in that state.
11 The board shall investigate any complaint made by the board of
12 accountancy or other licensing authority of another state.

13 f. Any individual who passed the Uniform Certified Public
14 Accountant Examination and holds a valid license issued by any
15 other state prior to January 1, 2012 shall be exempt from the 150
16 hour education requirement in subsection c. of section 8 of
17 P.L.1997, c.259 (C.45:2B-49).

18
19 7. Section 15 of P.L.1997, c.259 (c.45:2B-56) is repealed.

20
21 8. This act shall take effect on the 365th day next following
22 enactment.

23 24 25 STATEMENT

26
27 This bill revises the "Accountancy Act of 1997" to permit certain
28 individuals and firms licensed in other states to practice public
29 accounting and attest services in this State under certain
30 circumstances.

31 Specifically, it provides that an individual who is a licensed
32 certified public accountant in another state shall be presumed to
33 have qualifications substantially equivalent to New Jersey's
34 requirements for certified public accountants and will be allowed to
35 practice public accountancy in this State without the need to obtain
36 a license or to notify the New Jersey State Board of Accountancy if
37 that individual:

- 38 • Holds a valid license as a certified public accountant from
39 any state which the National Association of State Boards
40 of Accountancy's (NASBA) National Qualification
41 Appraisal Service has verified to be in substantial
42 equivalence with the certified public accountant licensure
43 requirements of the American Institute of Certified Public
44 Accountants (AICPA)/NASBA Uniform Accountancy
45 Act; or
- 46 • Holds a valid license as a certified public accountant from
47 any state which the NASBA's National Qualification
48 Appraisal Service has not verified to be in substantial

1 equivalence with the certified public accountant licensure
2 requirements of the AICPA/NASBA Uniform
3 Accountancy Act, but that individual obtains from the
4 NASBA's National Qualification Appraisal Service
5 verification that the individual's personal certified public
6 accountant qualifications are substantially equivalent to
7 the certified public accountant licensure requirements of
8 the AICPA/NASBA Uniform Accountancy Act.

9 An out-of-state certified public accountant who qualifies to
10 practice public accountancy in this State is subject to the laws and
11 regulations governing certified public accountants in this State.

12 The bill also provides that a firm must register with the board if
13 it:

- 14 • Has an office in this State engaged in the practice of attest
15 services;
- 16 • Has an office in this State that uses the title "Certified
17 Public Accountant," "CPA," "Certified Public Account
18 firm," or "CPA firm;" or
- 19 • Does not have an office in this State but performs the
20 following services for a client having its home office in
21 this State:
 - 22 ○ A financial statement audit or other engagement to
23 be performed in accordance with the Statements
24 on Auditing Standards (SAS);
 - 25 ○ An examination of prospective financial
26 information to be performed in accordance with
27 the Statements on Standards for Attestation
28 Engagements (SSAE); or
 - 29 ○ An engagement to be performed in accordance
30 with the Public Company Accounting Oversight
31 Board (PCAOB) Auditing Standards.

32 The bill allows a firm that does not have an office in this State to
33 perform compilation services or review financial statements in
34 accordance with the Statements on Standards for Accounting and
35 Review Services (SSARS) for a client having its home office in this
36 State and to use the title "Certified Public Accountant," "CPA,"
37 "Certified Public Account firm," or "CPA firm;" without registering
38 with the board if it is qualified under N.J.S.A.45:2B-67 and in
39 subsection a. of N.J.S.A.45:2B-54.1; and it performs those services
40 through an individual who is permitted the practice privilege
41 provided under this bill.

42

43

44

45

46 Allows certified public accountants licensed in other states to
47 practice public accountancy and attest services in this State under
48 certain circumstances.

ASSEMBLY, No. 2466

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MARCH 6, 2008

Sponsored by:

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblywoman CARIDAD RODRIGUEZ

District 33 (Hudson)

Co-Sponsored by:

Assemblymen Schaer, Chivukula, Senators Lesniak and Scutari

SYNOPSIS

Allows certified public accountants licensed in other states to practice public accountancy and attest services in this State under certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/23/2008)

1 AN ACT concerning certified public accountants, amending and
2 supplementing P.L.1997, c.259 and repealing section 15 of
3 P.L.1997, c.259.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to
9 read as following:

10 3. As used in this act:

11 "Attest" means providing any of the following financial
12 statement services: any audit or other engagement to be performed
13 in accordance with the Statements on Auditing Standards (SAS);
14 any review of a financial statement to be performed in accordance
15 with the Statements on Standards for Accounting and Review
16 Services (SSARS); **[or]** any examination of prospective financial
17 information to be performed in accordance with the Statements on
18 Standards for Attestation Engagements (SSAE) and any
19 engagement to be performed in accordance with the auditing
20 standards of the Public Company Accounting Oversight Board
21 (PCAOB). The statements on standards specified herein shall be
22 adopted by regulation by the board and shall be in accordance with
23 standards developed for general application by recognized national
24 accountancy organizations such as the American Institute of
25 Certified Public Accountants and the PCAOB.

26 "Board" means the New Jersey State Board of Accountancy.

27 "Compilation" means providing a service, to be performed in
28 accordance with Statements on Standards for Accounting and
29 Review Services (SSARS), by presenting, in the form of financial
30 statements, information that is the representation of management or
31 owners without undertaking to express any assurance on the
32 statements.

33 "Financial statements" means statements and related footnotes
34 that purport to present an actual or a prospective financial position
35 at a particular time, or results of operations, cash flow, or changes
36 in financial position for a period of time, in conformity with
37 generally accepted accounting principles or another comprehensive
38 basis of accounting. The term includes specific elements, accounts
39 or items of such statements, but does not include: incidental
40 financial data included in management advisory service reports to
41 support recommendations to a client; or tax returns and supporting
42 schedules.

43 "Firm" means a sole proprietorship, a professional corporation, a
44 partnership, a limited liability company, a limited liability
45 partnership, or any other lawful form of business organization.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus] in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 “Home office” means the location specified by the client as the
2 address to which a service described in subsection d. of section 6 of
3 P.L. , c. (C.) (pending before the Legislature as this bill) is
4 directed.

5 "License" means a license or registration issued to an individual
6 or firm permitting the individual or firm to practice public
7 accountancy.

8 "Licensee" means the holder of a license issued pursuant to this
9 act.

10 "Manager" means a manager of a limited liability company.

11 "Member" means a member of a limited liability company.

12 "Nonlicensee" means a person not licensed as a certified public
13 accountant or a public accountant of any state or possession of the
14 United States or the District of Columbia.

15 "Owner of a firm" means any person with an equity or equivalent
16 interest in a firm, such as a shareholder with respect to a
17 corporation or a partner with respect to a partnership, or an
18 individual with respect to a sole proprietorship.

19 "Practice of public accountancy" means the performance or the
20 offering to perform attest services for a client or potential client, by
21 a licensee **[or]** , registered firm or individual qualifying for practice
22 privileges under section 6 of P.L. , c. (C.) (pending before
23 the Legislature as this bill). The "practice of public accountancy"
24 also means the performance or the offering to perform by a licensee
25 or individual qualifying for practice privileges under section 6 of
26 P.L. , c. (C.) (pending before the Legislature as this bill) of
27 one or more of the following: a compilation of a financial statement
28 to be performed in accordance with SSARS, management advisory,
29 financial advisory or consulting services, or the preparation of tax
30 returns or the furnishing of advice on tax matters.

31 "Practice unit" means any office of a firm registered with the
32 board to engage in the practice of public accountancy in the State of
33 New Jersey.

34 “Principal place of business” means the office location
35 designated by a licensee for purposes of substantial equivalency and
36 reciprocity.

37 "Quality review" means a study, appraisal or review of one or
38 more aspects of the professional work of a licensee, or individual
39 qualifying for practice privileges under section 6 of P.L. , c.
40 (C.) (pending before the Legislature as this bill), or registered
41 firm that performs attest or compilation services, by a person who is
42 a certified public accountant or public accountant and who is not
43 affiliated with the licensee, the individual qualified for practice
44 privileges under section 6 of P.L. , c. (C.) (pending before the
45 Legislature as this bill), or registered firm being reviewed.

46 "Report" when used with reference to financial statements,
47 means an opinion, report, or other form of language that states or
48 implies assurance as to the reliability of any financial statement and

1 that also includes or is accompanied by any statement or
2 implication that the person or firm issuing it has special knowledge
3 or competence in accounting or auditing. Such a statement or
4 implication of special knowledge or competence may arise from use
5 by the issuer of the report of names or titles indicating that the
6 person or firm is an accountant or auditor, or from the language of
7 the report itself. The term "report" includes any form of language
8 which disclaims an opinion when that form of language is
9 conventionally understood to imply any positive assurance as to the
10 reliability of the financial statement referred to or special
11 competence on the part of the person or firm issuing that language,
12 or both; and it includes any other form of language that is
13 conventionally understood to imply that assurance or that special
14 knowledge or competence, or both.
15 (cf: P.L.2001, c.149, s.1)

16
17 2. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to
18 read as follows:

19 13. a. [A firm engaged in this State in the practice of attest
20 services shall be required to register with the board as a firm of
21 certified public accountants. A firm engaged in the practice of
22 public accountancy, but not performing attest services, shall be
23 eligible to register with the board as a firm of certified public
24 accountants. In either case, the firm shall meet the following
25 requirements:] The board shall only grant or renew registration to
26 a firm engaged in the practice of attest services or public
27 accountancy if that firm meets the requirements provided in this
28 section.

29 (1) A firm shall register with the board if it:

30 (a) Has an office in this State engaged in the practice of attest
31 services;

32 (b) Has an office in this State that uses the title "Certified Public
33 Accountant," "CPA," "Certified Public Accountant firm," or "CPA
34 firm;" or

35 (c) Does not have an office in this State, but performs services
36 described in subsection d. of section 6 of P.L. , c. (C.)
37 (pending before the Legislature as this bill) for a client having its
38 home office in this State.

39 (2) A firm that does not have an office in this State may perform
40 compilation services or review financial statements in accordance
41 with the Statements on Standards for Accounting and Review
42 Services (SSARS), and may practice public accountancy as
43 authorized under this section, for a client having its home office in
44 this State and may use the title "Certified Public Accountant,"
45 "CPA," "Certified Public Account firm," or "CPA firm," without
46 registering with the board if:

1 (a) It has the qualifications described in section 26 of P.L.1997,
2 c.259 (C.45:2B-67) and in subsection a. of section 6 of P.L.1999,
3 c.215 (C.45:2B-54.1); and

4 (b) It performs those services through an individual with
5 practice privileges under section 6 of P.L. , c. (C.) (pending
6 before the Legislature as this bill).

7 (3) A firm that is not subject to the requirements of paragraphs
8 (1) or (2) of this subsection may perform other professional services
9 included in the practice of public accountancy while using the title
10 "Certified Public Accountant," "CPA," "Certified Public Account
11 firm," or "CPA firm" in this State without registering with the board
12 if:

13 (a) It performs those services through an individual with
14 practice privileges under subsection d. of section 6 of P.L. , c.
15 (C.) (pending before the Legislature as this bill); and

16 (b) It can lawfully do so in the state where those individuals
17 with practice privileges have their principal place of business.

18 (4) A firm with an office in this State that is engaged in the
19 practice of public accountancy but not performing attest services,
20 shall be eligible to register with the board as a firm of certified
21 public accountants.

22 b. A firm seeking to register with the board shall meet the
23 following requirements:

24 (1) At least one owner of the firm shall be a certified public
25 accountant in good standing, and licensed to practice public
26 accountancy in this State, except that this requirement is waived for
27 firms that perform services for which firm registration is required
28 under subparagraph (c) of paragraph (1) of subsection a. of this
29 section through an individual who qualifies for the practice
30 privilege under section 6 of P.L. , c. (C.) (pending before the
31 Legislature as this bill);

32 (2) Each owner of the firm, other than a nonlicensee, shall be a
33 certified public accountant of any state or possession of the United
34 States or the District of Columbia in good standing, and licensed to
35 practice public accountancy where licensed;

36 (3) There shall be a certified public accountant in the firm who
37 has ultimate responsibility for each attest engagement. On all firm
38 applications and renewal forms, a licensee or an individual who
39 qualifies for the practice privilege under section 6 of P.L. , c.
40 (C.) (pending before the Legislature as this bill) shall be
41 designated as responsible and in charge of all professional matters
42 relating to the practice of accountancy by the registered firm. Each
43 resident manager in charge of a practice unit of a firm in this State
44 and each owner thereof, other than a nonlicensee, personally
45 engaged within this State in the practice of public accountancy shall
46 be a certified public accountant in good standing, and licensed to
47 practice public accountancy in this State, or shall be an individual

1 who qualifies for the practice privilege under section 6 of P.L. , c.
2 (C.) (pending before the Legislature as this bill).

3 **【b.】** c. Application for registration of a firm shall be made upon
4 the affidavit of an owner of the firm who is a certified public
5 accountant in good standing and licensed to practice public
6 accountancy in this State or who qualifies for the practice privilege
7 under section 6 of P.L. , c. (C.) (pending before the Legislature
8 as this bill). The board shall in each case determine whether the
9 applicant is eligible for registration. A firm which is so registered
10 may use the words "certified public accountant" or the abbreviation
11 "CPAs" in connection with its firm name. Notification shall be
12 given to the board within 90 days after admission or withdrawal of
13 an owner licensed and practicing in this State from any firm so
14 registered.

15 (cf: P.L.2001, c.149, s.5)

16

17 3. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to
18 read as follows:

19 14. a. A firm engaged in this State in the practice of attest
20 services and not otherwise registered with the board or exempt from
21 registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall
22 be required to register with the board as a firm of public
23 accountants. A firm engaged in the practice of public accountancy,
24 but not performing attest services, shall be eligible to register with
25 the board as a firm of public accountants. In either case, the firm
26 shall meet the following requirements:

27 (1) At least one owner of a firm shall be a public accountant or
28 certified public accountant in good standing, and licensed to
29 practice public accountancy in this State;

30 (2) Each owner of the firm, other than a nonlicensee, shall be a
31 public accountant or certified public accountant of any state or
32 possession of the United States or the District of Columbia in good
33 standing, and licensed to practice public accountancy where
34 licensed;

35 (3) There shall be a public accountant or certified public
36 accountant in the firm who has ultimate responsibility for each
37 attest engagement. On all firm applications and renewal forms, a
38 licensee shall be designated as responsible and in charge of all
39 professional matters relating to the practice of accountancy by the
40 registered firm. Each resident manager in charge of a practice unit
41 of a firm in this State and each owner thereof, other than a
42 nonlicensee, personally engaged within this State in the practice of
43 public accounting shall be a public accountant or a certified public
44 accountant of this State in good standing and licensed to practice
45 public accountancy in this State.

46 b. Application for registration of a firm shall be made upon the
47 affidavit of an owner of the firm who is a public accountant or
48 certified public accountant of this State in good standing and

1 licensed to practice public accountancy in this State. The board
2 shall in each case determine whether the applicant is eligible for
3 registration. A firm which is so registered may use the words
4 "public accountant" or the abbreviation "PAs" in connection with its
5 firm name. Notification shall be given to the board within 90 days
6 after admission or withdrawal of an owner licensed and practicing
7 in this State from any firm so registered.

8 (cf: P.L.2001, c.149, s.7)

9
10 4. Section 20 of P.L.1997, c.259 (C.45:2B-61) is amended to
11 read as follows:

12 20. a. No individual or firm shall issue a report on financial
13 statements of any other individual, firm, organization, or
14 governmental unit unless that person or firm holds a valid license or
15 registration issued under this act, qualifies for the practice privilege
16 under section 6 of P.L. , c. (C.) (pending before the
17 Legislature as this bill), or is exempt from registration under section
18 13 of P.L.1997, c.259 (C.45:2B-54), except that this prohibition
19 shall not apply to: an officer, partner, member, manager or
20 employee of any firm or organization affixing that person's own
21 signature to any statement or report in reference to the financial
22 affairs of that firm or organization with any wording designating the
23 position, title or office that the person holds in the firm or
24 organization; any act of a public official or employee in the
25 performance of that person's duties; the performance by any person
26 of other services involving the use of accounting skills, including
27 the preparation of tax returns or financial statements prepared
28 without the issuance of reports, or providing a management
29 advisory service.

30 b. The prohibition contained in subsection a. of this section is
31 applicable to the issuance, by a person not holding a valid license or
32 a firm not holding a valid registration, of a report using any form of
33 language conventionally used by licensees respecting review of
34 financial statements or compilation of financial statements.

35 (cf: P.L.1997, c.259, s.20)

36
37 5. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to
38 read as follows:

39 21. a. No person shall use or assume the title or designation
40 "certified public accountant," or the abbreviation "CPA" or any
41 other title, designation, words, letters, abbreviation, sign, card, or
42 device tending to indicate that the person is a certified public
43 accountant unless that person holds a current license as a certified
44 public accountant under this act or qualifies for the practice
45 privilege under section 6 of P.L. , c. (C.) (pending before
46 the Legislature as this bill).

47 b. No firm shall use or assume the title or designation "certified
48 public accountant," or the abbreviation "CPA," unless otherwise

1 provided for by law, or any other title, designation, words, letters,
2 abbreviation, sign, card, or device tending to indicate that the firm
3 is composed of certified public accountants, unless the firm holds a
4 current registration issued under this act or is exempt from
5 registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

6 c. No person shall use or assume the title or designation
7 "public accountant," or the abbreviation "PA," or any other title,
8 designation, words, letters, abbreviation, sign, card, or device
9 tending to indicate that the person is a public accountant unless that
10 person holds a current license as a public accountant under this act.

11 d. No firm shall use or assume the title or designation "public
12 accountant," or the abbreviation "PA," unless otherwise provided
13 for by law, or any other title, designation, words, letters,
14 abbreviation, sign, card, or device tending to indicate that the firm
15 is composed of public accountants, unless the firm holds a current
16 registration issued under this act.

17 e. No person or firm shall use or assume the title or designation
18 "certified accountant," "chartered accountant," "enrolled
19 accountant," "licensed accountant," "registered accountant,"
20 "accredited accountant," or any other title or designation likely to
21 be confused with the titles "certified public accountant" or "public
22 accountant," or use any of the abbreviations "CA," "LA," "RA,"
23 "AA," or similar abbreviations likely to be confused with the
24 abbreviations "CPA" or "PA," unless that person or firm holds a
25 current license or registration issued under this act, qualifies for the
26 practice privilege under section 6 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), or is exempt from registration
28 under section 13 of P.L.1997, c.259 (C.45:2B-54).

29 f. No person or firm shall use or assume the title "enrolled
30 agent" or "EA," unless so designated by the Internal Revenue
31 Service.

32 g. No person or firm shall use or assume any title or
33 designation that includes the words "accountant," "auditor," or
34 "accounting" in connection with any other language, including the
35 language of a report, that implies that the person or firm holds such
36 a certificate, permit, or registration or has special competence as an
37 accountant or auditor, unless that person or firm holds a current
38 license or registration issued under this act, qualifies for the
39 practice privilege under section 6 of P.L. , c. (C.) (pending
40 before the Legislature as this bill), or is exempt from registration
41 under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this
42 subsection shall not prohibit any officer, partner, member, manager,
43 or employee of any firm or organization from affixing that person's
44 own signature to any statement in reference to the financial affairs
45 of that firm or organization with any wording designating the
46 positions, title, or office that the person holds in the firm or
47 organization, nor shall this subsection prohibit any act of a public
48 official or employee in the performance of the person's duties.

1 h. No person holding a license or firm holding a registration
2 under this act shall engage in the practice of public accountancy
3 using a professional or firm name or designation that is misleading
4 with regard to the form in which the firm is organized, or about the
5 persons who are partners, officers, members, managers or
6 shareholders of the firm, or about any other matter, except that
7 names of one or more former partners, members, managers, or
8 shareholders may be included in the name of a firm or its successor.

9 i. The provisions of this section shall not apply to a person or
10 firm holding a certification, designation, degree, or license granted
11 in a foreign country, entitling the holder thereof to engage in the
12 practice of public accountancy or its equivalent in that country,
13 whose activities in this State are limited to the provision of
14 professional services to persons or firms who are residents of,
15 governments of, or business entities of the country in which the
16 person holds that entitlement, so long as that person or firm issues
17 no reports with respect to the financial statements of any other
18 persons, firms, or governmental units in this State, and does not use
19 in this State any titles or designation other than the one under which
20 the person practices in the foreign country, followed by a
21 translation of that title or designation into the English language, if it
22 is in a different language, and by the name of that country.

23 j. A financial services corporation, the voting stock of which is
24 traded on a recognized exchange or over-the-counter, may use the
25 truthful fact in advertising that the firm employs certified public
26 accountants.

27 k. Notwithstanding any other provision of this section, it shall
28 not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm
29 that has not registered with the board and that does not have an
30 office in this State to provide professional services in this State so
31 long as it complies with paragraph (2) or paragraph (3) of
32 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).
33 (cf: P.L.2001, c.149, s.8)

34
35 6. (New section) a. An individual whose principal place of
36 business is not in this State shall be presumed to have qualifications
37 substantially equivalent to this State's requirements for certified
38 public accountants and shall have all the privileges of licensed
39 certified public accountants of this State without the need to obtain
40 a license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the
41 board or pay any fee if that individual:

42 (1) Holds a valid license as a certified public accountant from
43 any state which the National Association of State Boards of
44 Accountancy's (NASBA) National Qualification Appraisal Service
45 has verified to be in substantial equivalence with the certified
46 public accountant licensure requirements of the American Institute
47 of Certified Public Accountants AICPA/NASBA Uniform
48 Accountancy Act; or

1 (2) Holds a valid license as a certified public accountant from
2 any state which the NASBA's National Qualification Appraisal
3 Service has not verified to be in substantial equivalence with the
4 certified public accountant licensure requirements of the AICPA/
5 NASBA Uniform Accountancy Act, but that individual obtains
6 from the NASBA's National Qualification Appraisal Service
7 verification that the individual's personal certified public
8 accountant qualifications are substantially equivalent to the certified
9 public accountant licensure requirements of the AICPA/NASBA
10 Uniform Accountancy Act.

11 b. In accordance with the provisions of this section and
12 notwithstanding any other provision of law, an individual who
13 offers or renders professional services, whether in person or by
14 mail, telephone, or electronic means, shall be granted practice
15 privileges in this State and no notice or other submission shall be
16 required of that individual. Such individual shall be subject to the
17 requirements of subsection c. of this section.

18 c. An individual licensee of another state exercising the
19 privilege afforded by this section and the firm that employs that
20 licensee hereby simultaneously consent, as a condition of exercising
21 that privilege:

22 (1) To the personal and subject matter jurisdiction and
23 disciplinary authority of the board;

24 (2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and
25 the regulations promulgated pursuant to that act;

26 (3) That in the event the license from the state of the
27 individual's principal place of business is no longer valid, the
28 individual will cease offering or rendering professional services in
29 this State individually and on behalf of a firm; and

30 (4) To the appointment of the state board or other authority that
31 issued the individual's license as the individual's agent upon which
32 process may be served in any action or proceeding by this State's
33 board against the licensee.

34 d. An individual who has been granted the practice privilege
35 under this section who, for any entity with its home office in this
36 State, performs any of the following services:

37 (1) A financial statement audit or other engagement to be
38 performed in accordance with the Statements on Auditing Standards
39 (SAS);

40 (2) An examination of prospective financial information to be
41 performed in accordance with the Statements on Standards for
42 Attestation Engagements (SSAE); or

43 (3) An engagement to be performed in accordance with the
44 Public Company Accounting Oversight Board (PCAOB) Auditing
45 Standards;

46 may only do so through a firm which has registered with the
47 board under section 13 of P.L.1997, c.259 (C.45:2B-54).

1 e. A licensee of this State offering or rendering services or
2 using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62)
3 in another state shall be subject to disciplinary action in this State
4 for an action committed in another state for which the licensee
5 would be subject to discipline for an act committed in that state.
6 The board shall investigate any complaint made by the board of
7 accountancy or other licensing authority of another state.

8 f. Any individual who passed the Uniform Certified Public
9 Accountant Examination and holds a valid license issued by any
10 other state prior to January 1, 2012 shall be exempt from the 150
11 hour education requirement in subsection c. of section 8 of
12 P.L.1997, c.259 (C.45:2B-49).

13
14 7. Section 15 of P.L.1997, c.259 (c.45:2B-56) is repealed.

15
16 8. This act shall take effect on the 365th day next following
17 enactment.

18

19

20

STATEMENT

21

22 This bill revises the "Accountancy Act of 1997" to permit certain
23 individuals and firms licensed in other states to practice public
24 accounting and attest services in this State under certain
25 circumstances.

26 Specifically, it provides that an individual who is a licensed
27 certified public accountant in another state shall be presumed to
28 have qualifications substantially equivalent to New Jersey's
29 requirements for certified public accountants and will be allowed to
30 practice public accountancy in this State without the need to obtain
31 a license or to notify the New Jersey State Board of Accountancy if
32 that individual:

33 • Holds a valid license as a certified public accountant from
34 any state which the National Association of State Boards
35 of Accountancy's (NASBA) National Qualification
36 Appraisal Service has verified to be in substantial
37 equivalence with the certified public accountant licensure
38 requirements of the American Institute of Certified Public
39 Accountants (AICPA)/NASBA Uniform Accountancy
40 Act; or

41 • Holds a valid license as a certified public accountant from
42 any state which the NASBA's National Qualification
43 Appraisal Service has not verified to be in substantial
44 equivalence with the certified public accountant licensure
45 requirements of the AICPA/NASBA Uniform
46 Accountancy Act, but that individual obtains from the
47 NASBA's National Qualification Appraisal Service
48 verification that the individual's personal certified public

1 accountant qualifications are substantially equivalent to
2 the certified public accountant licensure requirements of
3 the AICPA/NASBA Uniform Accountancy Act.

4 An out-of-state certified public accountant who qualifies to
5 practice public accountancy in this State is subject to the laws and
6 regulations governing certified public accountants in this State.

7 The bill also provides that a firm must register with the board if
8 it:

- 9 • Has an office in this State engaged in the practice of attest
10 services;
- 11 • Has an office in this State that uses the title "Certified
12 Public Accountant," "CPA," "Certified Public Account
13 firm," or "CPA firm;" or
- 14 • Does not have an office in this State but performs the
15 following services for a client having its home office in
16 this State:
 - 17 ○ A financial statement audit or other engagement to
18 be performed in accordance with the Statements
19 on Auditing Standards (SAS);
 - 20 ○ An examination of prospective financial
21 information to be performed in accordance with
22 the Statements on Standards for Attestation
23 Engagements (SSAE); or
 - 24 ○ An engagement to be performed in accordance
25 with the Public Company Accounting Oversight
26 Board (PCAOB) Auditing Standards.

27 The bill allows a firm that does not have an office in this State to
28 perform compilation services or review financial statements in
29 accordance with the Statements on Standards for Accounting and
30 Review Services (SSARS) for a client having its home office in this
31 State and to use the title "Certified Public Accountant," "CPA,"
32 "Certified Public Account firm," or "CPA firm;" without registering
33 with the board if it is qualified under N.J.S.A.45:2B-67 and in
34 subsection a. of N.J.S.A.45:2B-54.1; and it performs those services
35 through an individual who is permitted the practice privilege
36 provided under this bill.

ASSEMBLY REGULATED PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2466

STATE OF NEW JERSEY

DATED: MAY 5, 2008

The Assembly Regulated Professions Committee reports favorably, Assembly Bill No. 2466.

This bill revises the “Accountancy Act of 1997” to permit certain individuals and firms licensed in other states to practice public accounting and attest services in this State under certain circumstances.

Specifically, it provides that an individual who is a licensed certified public accountant in another state shall be presumed to have qualifications substantially equivalent to New Jersey’s requirements for certified public accountants and will be allowed to practice public accountancy in this State without the need to obtain a license or to notify the New Jersey State Board of Accountancy if that individual:

- Holds a valid license as a certified public accountant from any state which the National Association of State Boards of Accountancy's (NASBA) National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of the American Institute of Certified Public Accountants (AICPA)/NASBA Uniform Accountancy Act; or
- Holds a valid license as a certified public accountant from any state which the NASBA's National Qualification Appraisal Service has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, but that individual obtains from the NASBA’s National Qualification Appraisal Service verification that the individual’s personal certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act.

An out-of-state certified public accountant who qualifies to practice public accountancy in this State is subject to the laws and regulations governing certified public accountants in this State.

The bill also provides that a firm must register with the board if it:

- Has an office in this State engaged in the practice of attest services;

- Has an office in this State that uses the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm;" or
- Does not have an office in this State but performs the following services for a client having its home office in this State:
 - A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or
 - An engagement to be performed in accordance with the Public Company Accounting Oversight Board (PCAOB) Auditing Standards.

The bill allows a firm that does not have an office in this State to perform compilation services or review financial statements in accordance with the Statements on Standards for Accounting and Review Services (SSARS) for a client having its home office in this State and to use the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm;" without registering with the board if it is qualified under N.J.S.A.45:2B-67 and in subsection a. of N.J.S.A45:2B-54.1; and it performs those services through an individual who is permitted the practice privilege provided under this bill.

SENATE, No. 229

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

SYNOPSIS

Allows certified public accountants licensed in other states to practice public accountancy and attest services in this State under certain circumstances.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 5/20/2008)

1 AN ACT concerning certified public accountants, amending and
2 supplementing P.L.1997, c.259 and repealing section 15 of
3 P.L.1997, c.259.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to
9 read as follows:

10 13. a. **[A firm engaged in this State in the practice of attest**
11 **services shall be required to register with the board as a firm of**
12 **certified public accountants. A firm engaged in the practice of**
13 **public accountancy, but not performing attest services, shall be**
14 **eligible to register with the board as a firm of certified public**
15 **accountants. In either case, the firm shall meet the following**
16 **requirements:] The board shall only grant or renew registration to**
17 **a firm engaged in the practice of attest services or public**
18 **accountancy if that firm meets the requirements provided in this**
19 **section.**

20 (1) A firm shall register with the board if it:

21 (a) Has an office in this State engaged in the practice of attest
22 services;

23 (b) Has an office in this State that uses the title "Certified Public
24 Accountant," "CPA," "Certified Public Accountant firm," or "CPA
25 firm;" or

26 (c) Does not have an office in this State, but performs services
27 described in subsection d. of section 5 of P.L. , c. (C.)
28 (pending before the Legislature as this bill) for a client having its
29 home office in this State.

30 (2) A firm that does not have an office in this State may perform
31 compilation services or review financial statements in accordance
32 with the Statements on Standards for Accounting and Review
33 Services (SSARS) for a client having its home office in this State
34 and may use the title "Certified Public Accountant," "CPA,"
35 "Certified Public Account firm," or "CPA firm," without registering
36 with the board if:

37 (a) It has the qualifications described in section 26 of P.L.1997,
38 c.259 (C.45:2B-67) and in subsection a. of section 5 of P.L.1999,
39 c.215 (C.45:2B-54.1); and

40 (b) It performs those services through an individual with
41 practice privileges under section 5 of P.L. , c. (C.) (pending
42 before the Legislature as this bill).

43 (3) A firm that is not subject to the requirements of paragraphs
44 (1) or (2) of this subsection may perform other professional services

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 while using the title "Certified Public Accountant," "CPA,"
2 "Certified Public Account firm," or "CPA firm" in this State
3 without registering with the board if:

4 (a) It performs those services through an individual with
5 practice privileges under subsection d. of section 5 of P.L. _____,
6 c. (C. _____) (pending before the Legislature as this bill); and

7 (b) It can lawfully do so in the state where those individuals
8 with practice privileges have their principal place of business.

9 b. A firm seeking to register with the board shall meet the
10 following requirements:

11 (1) At least one owner of the firm shall be a certified public
12 accountant in good standing, and licensed to practice public
13 accountancy in this State, except that this requirement is waived for
14 firms that perform services for which firm registration is required
15 under subparagraph (c) of paragraph (1) of subsection a. of this
16 section through an individual who qualifies for the practice
17 privilege under section 5 of P.L. _____, c. _____ (pending before the
18 Legislature as this bill);

19 (2) Each owner of the firm, other than a nonlicensee, shall be a
20 certified public accountant of any state or possession of the United
21 States or the District of Columbia in good standing, and licensed to
22 practice public accountancy where licensed;

23 (3) There shall be a certified public accountant in the firm who
24 has ultimate responsibility for each attest engagement. On all firm
25 applications and renewal forms, a licensee or an individual who
26 qualifies for the practice privilege under section 5 of P.L. _____,
27 c. _____ (pending before the Legislature as this bill) shall be designated
28 as responsible and in charge of all professional matters relating to
29 the practice of accountancy by the registered firm. Each resident
30 manager in charge of a practice unit of a firm in this State and each
31 owner thereof, other than a nonlicensee, personally engaged within
32 this State in the practice of public accountancy shall be a certified
33 public accountant in good standing, and licensed to practice public
34 accountancy in this State, or shall be an individual who qualifies for
35 the practice privilege under section 5 of P.L. _____, c. _____ (pending before
36 the Legislature as this bill).

37 **[b.] c.** Application for registration of a firm shall be made upon
38 the affidavit of an owner of the firm who is a certified public
39 accountant in good standing and licensed to practice public
40 accountancy in this State or who qualifies for the practice privilege
41 under section 5 of P.L. _____, c. _____ (pending before the Legislature as
42 this bill). The board shall in each case determine whether the
43 applicant is eligible for registration. A firm which is so registered
44 may use the words "certified public accountant" or the abbreviation
45 "CPAs" in connection with its firm name. Notification shall be
46 given to the board within 90 days after admission or withdrawal of

1 an owner licensed and practicing in this State from any firm so
2 registered.

3 (cf: P.L.2001, c.149, s.5)

4

5 2. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to
6 read as follows:

7 14. a. A firm engaged in this State in the practice of attest
8 services and not otherwise registered with the board or exempt from
9 registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall
10 be required to register with the board as a firm of public
11 accountants. A firm engaged in the practice of public accountancy,
12 but not performing attest services, shall be eligible to register with
13 the board as a firm of public accountants. In either case, the firm
14 shall meet the following requirements:

15 (1) At least one owner of a firm shall be a public accountant or
16 certified public accountant in good standing, and licensed to
17 practice public accountancy in this State;

18 (2) Each owner of the firm, other than a nonlicensee, shall be a
19 public accountant or certified public accountant of any state or
20 possession of the United States or the District of Columbia in good
21 standing, and licensed to practice public accountancy where
22 licensed;

23 (3) There shall be a public accountant or certified public
24 accountant in the firm who has ultimate responsibility for each
25 attest engagement. On all firm applications and renewal forms, a
26 licensee shall be designated as responsible and in charge of all
27 professional matters relating to the practice of accountancy by the
28 registered firm. Each resident manager in charge of a practice unit
29 of a firm in this State and each owner thereof, other than a
30 nonlicensee, personally engaged within this State in the practice of
31 public accounting shall be a public accountant or a certified public
32 accountant of this State in good standing and licensed to practice
33 public accountancy in this State.

34 b. Application for registration of a firm shall be made upon the
35 affidavit of an owner of the firm who is a public accountant or
36 certified public accountant of this State in good standing and
37 licensed to practice public accountancy in this State. The board
38 shall in each case determine whether the applicant is eligible for
39 registration. A firm which is so registered may use the words
40 "public accountant" or the abbreviation "PAs" in connection with its
41 firm name. Notification shall be given to the board within 90 days
42 after admission or withdrawal of an owner licensed and practicing
43 in this State from any firm so registered.

44 (cf: P.L.2001, c.149, s.7)

45

46 3. Section 20 of P.L.1997, c.259 (C.45:2B-61) is amended to
47 read as follows:

1 20. a. No individual or firm shall issue a report on financial
2 statements of any other individual, firm, organization, or
3 governmental unit unless that person or firm holds a valid license or
4 registration issued under this act, qualifies for the practice privilege
5 under section 5 of P.L. , c. (C.) (pending before the
6 Legislature as this bill), or is exempt from registration under section
7 13 of P.L.1997, c.259 (C.45:2B-54), except that this prohibition
8 shall not apply to: an officer, partner, member, manager or
9 employee of any firm or organization affixing that person's own
10 signature to any statement or report in reference to the financial
11 affairs of that firm or organization with any wording designating the
12 position, title or office that the person holds in the firm or
13 organization; any act of a public official or employee in the
14 performance of that person's duties; the performance by any person
15 of other services involving the use of accounting skills, including
16 the preparation of tax returns or financial statements prepared
17 without the issuance of reports, or providing a management
18 advisory service.

19 b. The prohibition contained in subsection a. of this section is
20 applicable to the issuance, by a person not holding a valid license or
21 a firm not holding a valid registration, of a report using any form of
22 language conventionally used by licensees respecting review of
23 financial statements or compilation of financial statements.
24 (cf: P.L.1997, c.259, s.20)
25

26 4. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to
27 read as follows:

28 21. a. No person shall use or assume the title or designation
29 "certified public accountant," or the abbreviation "CPA" or any
30 other title, designation, words, letters, abbreviation, sign, card, or
31 device tending to indicate that the person is a certified public
32 accountant unless that person holds a current license as a certified
33 public accountant under this act or qualifies for the practice
34 privilege under section 5 of P.L. , c. (C.) (pending before
35 the Legislature as this bill).

36 b. No firm shall use or assume the title or designation "certified
37 public accountant," or the abbreviation "CPA," unless otherwise
38 provided for by law, or any other title, designation, words, letters,
39 abbreviation, sign, card, or device tending to indicate that the firm
40 is composed of certified public accountants, unless the firm holds a
41 current registration issued under this act or is exempt from
42 registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

43 c. No person shall use or assume the title or designation
44 "public accountant," or the abbreviation "PA," or any other title,
45 designation, words, letters, abbreviation, sign, card, or device
46 tending to indicate that the person is a public accountant unless that
47 person holds a current license as a public accountant under this act.

1 d. No firm shall use or assume the title or designation "public
2 accountant," or the abbreviation "PA," unless otherwise provided
3 for by law, or any other title, designation, words, letters,
4 abbreviation, sign, card, or device tending to indicate that the firm
5 is composed of public accountants, unless the firm holds a current
6 registration issued under this act.

7 e. No person or firm shall use or assume the title or designation
8 "certified accountant," "chartered accountant," "enrolled
9 accountant," "licensed accountant," "registered accountant,"
10 "accredited accountant," or any other title or designation likely to
11 be confused with the titles "certified public accountant" or "public
12 accountant," or use any of the abbreviations "CA," "LA," "RA,"
13 "AA," or similar abbreviations likely to be confused with the
14 abbreviations "CPA" or "PA," unless that person or firm holds a
15 current license or registration issued under this act, qualifies for the
16 practice privilege under section 5 of P.L. , c. (C.) (pending
17 before the Legislature as this bill), or is exempt from registration
18 under section 13 of P.L.1997, c.259 (C.45:2B-54).

19 f. No person or firm shall use or assume the title "enrolled
20 agent" or "EA," unless so designated by the Internal Revenue
21 Service.

22 g. No person or firm shall use or assume any title or
23 designation that includes the words "accountant," "auditor," or
24 "accounting" in connection with any other language, including the
25 language of a report, that implies that the person or firm holds such
26 a certificate, permit, or registration or has special competence as an
27 accountant or auditor, unless that person or firm holds a current
28 license or registration issued under this act, qualifies for the
29 practice privilege under section 5 of P.L. , c. (C.) (pending
30 before the Legislature as this bill), or is exempt from registration
31 under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this
32 subsection shall not prohibit any officer, partner, member, manager,
33 or employee of any firm or organization from affixing that person's
34 own signature to any statement in reference to the financial affairs
35 of that firm or organization with any wording designating the
36 positions, title, or office that the person holds in the firm or
37 organization, nor shall this subsection prohibit any act of a public
38 official or employee in the performance of the person's duties.

39 h. No person holding a license or firm holding a registration
40 under this act shall engage in the practice of public accountancy
41 using a professional or firm name or designation that is misleading
42 with regard to the form in which the firm is organized, or about the
43 persons who are partners, officers, members, managers or
44 shareholders of the firm, or about any other matter, except that
45 names of one or more former partners, members, managers, or
46 shareholders may be included in the name of a firm or its successor.

1 i. The provisions of this section shall not apply to a person or
2 firm holding a certification, designation, degree, or license granted
3 in a foreign country, entitling the holder thereof to engage in the
4 practice of public accountancy or its equivalent in that country,
5 whose activities in this State are limited to the provision of
6 professional services to persons or firms who are residents of,
7 governments of, or business entities of the country in which the
8 person holds that entitlement, so long as that person or firm issues
9 no reports with respect to the financial statements of any other
10 persons, firms, or governmental units in this State, and does not use
11 in this State any titles or designation other than the one under which
12 the person practices in the foreign country, followed by a
13 translation of that title or designation into the English language, if it
14 is in a different language, and by the name of that country.

15 j. A financial services corporation, the voting stock of which is
16 traded on a recognized exchange or over-the-counter, may use the
17 truthful fact in advertising that the firm employs certified public
18 accountants.

19 k. Notwithstanding any other provision of this section, it shall
20 not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm
21 that has not registered with the board and that does not have an
22 office in this State to provide professional services in this State so
23 long as it complies with paragraph (2) or paragraph (3) of
24 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).

25 (cf: P.L.2001, c.149, s.8)

26

27 5. (New section) a. An individual whose principal place of
28 business is not in this State shall be presumed to have qualifications
29 substantially equivalent to this State's requirements for certified
30 public accountants and shall have all the privileges of licensed
31 certified public accountant of this State without the need to obtain a
32 license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the
33 board or pay any fee if that individual:

34 (1) Holds a valid license as a certified public accountant from
35 any state which the National Association of State Boards of
36 Accountancy's (NASBA) National Qualification Appraisal Service
37 has verified to be in substantial equivalence with the certified
38 public accountant licensure requirements of the American Institute
39 of Certified Public Accountants AICPA/NASBA Uniform
40 Accountancy Act; or

41 (2) Holds a valid license as a certified public accountant from
42 any state which the NASBA's National Qualification Appraisal
43 Service has not verified to be in substantial equivalence with the
44 certified public accountant licensure requirements of the AICPA/
45 NASBA Uniform Accountancy Act, but that individual obtains
46 from the NASBA's National Qualification Appraisal Service
47 verification that the individual's personal certified public

1 accountant qualifications are substantially equivalent to the certified
2 public accountant licensure requirements of the AICPA/NASBA
3 Uniform Accountancy Act.

4 b. Notwithstanding any other provision of law, an individual
5 who qualifies for the practice privilege under this section may offer
6 or render professional services in this State, whether in person or by
7 mail, telephone, or electronic means, and no notice or other
8 submission shall be required of that individual, subject to the
9 requirements of subsection c. of this section.

10 c. An individual licensee of another state exercising the
11 privilege afforded by this section and the firm that employs that
12 licensee hereby simultaneously consent, as a condition of exercising
13 that privilege:

14 (1) To the personal and subject matter jurisdiction and
15 disciplinary authority of the board;

16 (2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and
17 the regulations promulgated pursuant to that act;

18 (3) That in the event the license from the state of the
19 individual's principal place of business is no longer valid, the
20 individual will cease offering or rendering professional services in
21 this State individually and on behalf of a firm; and

22 (4) To the appointment of the state board or other authority that
23 issued the individual's license as the individual's agent upon which
24 process may be served in any action or proceeding by this State's
25 board against the licensee.

26 d. An individual who has been granted the practice privilege
27 under this section who, for any entity with its home office in this
28 State, performs any of the following services:

29 (1) A financial statement audit or other engagement to be
30 performed in accordance with the Statements on Auditing Standards
31 (SAS);

32 (2) An examination of prospective financial information to be
33 performed in accordance with the Statements on Standards for
34 Attestation Engagements (SSAE); or

35 (3) An engagement to be performed in accordance with the
36 Public company Accounting Oversight Board (PCAOB) Auditing
37 Standards;

38 may only do so through a firm which has registered with the
39 board under section 13 of P.L.1997, c.259 (C.45:2B-54).

40 e. A licensee of this State offering or rendering services or
41 using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62)
42 in another state shall be subject to disciplinary action in this State
43 for an action committed in that state. The board shall investigate
44 any complaint made by the board of accountancy or other licensing
45 authority of another state.

46 f. Any individual who passed the Uniform Certified Public
47 Accountant Examination and holds a valid license issued by any

1 other state prior to January 1, 2012 shall be exempt from the 150
2 hour education requirement in subsection c. of section 8 of
3 P.L.1997, c.259 (C.45:2B-49).

4
5 6. Section 15 of P.L.1997, c.259 (c.45:2B-56) is repealed.

6
7 7. This act shall take effect on the 365th day next following
8 enactment.

9
10
11 STATEMENT

12
13 This bill revises the "Accountancy Act of 1997" to permit certain
14 individuals and firms licensed in other states to practice public
15 accounting and attest services in this State under certain
16 circumstances.

17 Specifically, it provides that an individual who is a licensed
18 certified public accountant in another state shall be presumed to
19 have qualifications substantially equivalent to New Jersey's
20 requirements for certified public accountants and will be allowed to
21 practice public accountancy in this State without the need to obtain
22 a license or to notify with the New Jersey State Board of
23 Accountancy if that individual:

- 24
- 25 • Holds a valid license as a certified public accountant from
26 any state which the National Association of State Boards
27 of Accountancy's (NASBA) National Qualification
28 Appraisal Service has verified to be in substantial
29 equivalence with the certified public accountant licensure
30 requirements of the American Institute of Certified Public
31 Accountants (AICPA)/NASBA Uniform Accountancy
32 Act; or
 - 33 • Holds a valid license as a certified public accountant from
34 any state which the NASBA's National Qualification
35 Appraisal Service has not verified to be in substantial
36 equivalence with the certified public accountant licensure
37 requirements of the AICPA/NASBA Uniform
38 Accountancy Act, but that individual obtains from the
39 NASBA's National Qualification Appraisal Service
40 verification that the individual's personal certified public
41 accountant qualifications are substantially equivalent to
42 the certified public accountant licensure requirements of
43 the AICPA/NASBA Uniform Accountancy Act.

44 An out-of-state certified public accountant who qualifies to
45 practice public accountancy in this State is subject to the laws and
46 regulations governing certified public accountants in this State.

47 The bill also provides that a firm must register with the board if
it:

- 1 • Has an office in this State engaged in the practice of attest
2 services;
- 3 • Has an office in this State that uses the title "Certified
4 Public Accountant," "CPA," "Certified Public Account
5 firm," or "CPA firm;" or
- 6 • Does not have an office in this State but performs the
7 following services for a client having its home office in
8 this State:
 - 9 ○ A financial statement audit or other engagement to
10 be performed in accordance with the Statements
11 on Auditing Standards (SAS);
 - 12 ○ An examination of prospective financial
13 information to be performed in accordance with
14 the Statements on Standards for Attestation
15 Engagements (SSAE); or
 - 16 ○ An engagement to be performed in accordance
17 with the Public Company Accounting Oversight
18 Board (PCAOB) Auditing Standards.

19 The bill allows a firm that does not have an office in this State to
20 perform compilation services or review financial statements in
21 accordance with the Statements on Standards for Accounting and
22 Review Services (SSARS) for a client having its home office in this
23 State and to use the title "Certified Public Accountant," "CPA,"
24 "Certified Public Account firm," or "CPA firm;" without registering
25 with the board if it is qualified under N.J.S.A.45:2B-67 and in
26 subsection a. of N.J.S.A45:2B-54.1; and it performs those services
27 through an individual who is permitted the practice privilege
28 provided under this bill.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 229

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 19, 2008

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 229.

This bill, as amended, revises the “Accountancy Act of 1997,” P.L.1997, c.259 (C.45:2B-42), to permit certain individuals and firms licensed in other states to practice public accounting and attest services in this State under certain circumstances.

Specifically, it provides that an individual who is a licensed certified public accountant in another state shall be presumed to have qualifications substantially equivalent to New Jersey’s requirements for certified public accountants and will be allowed to practice public accountancy in this State without the need to obtain a license or to notify the New Jersey State Board of Accountancy if that individual:

- Holds a valid license as a certified public accountant from any state which the National Association of State Boards of Accountancy's (NASBA) National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of the American Institute of Certified Public Accountants (AICPA)/NASBA Uniform Accountancy Act; or
- Holds a valid license as a certified public accountant from any state which the NASBA's National Qualification Appraisal Service has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, but that individual obtains from the NASBA’s National Qualification Appraisal Service verification that the individual’s personal certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act.

An out-of-state certified public accountant who qualifies to practice public accountancy in this State is subject to the laws and regulations governing certified public accountants in this State.

The bill also provides that a firm must register with the board if it:

- Has an office in this State engaged in the practice of attest services;
- Has an office in this State that uses the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm;" or
- Does not have an office in this State but performs the following services for a client having its home office in this State:
 - A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or
 - An engagement to be performed in accordance with the Public Company Accounting Oversight Board (PCAOB) Auditing Standards.

The bill allows a firm that does not have an office in this State to perform compilation services or review financial statements in accordance with the Statements on Standards for Accounting and Review Services (SSARS) for a client having its home office in this State and to use the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm," without registering with the board if it: (1) is qualified under the board's Quality Enhancement Program, established pursuant to section 26 of P.L.1997, c.259 (C.45:2B-67), and includes a recognized form of firm ownership by owners who are not licensed as certified public accountants as set forth in subsection a. of section 5 of P.L.1999, c.215 (C.45:2B-54.1); and (2) it performs the accounting activities through an individual with in-State practice privileges as provided under this bill.

The committee amendments to the bill:

- Incorporate new definitions concerning interstate public accounting practices, including definitions for "home office" and "principle place of business," and update existing statutory definitions to account for individuals who may practice in this State without board licensure;
- Provide that a firm with an office in this State engaged in the practice of public accountancy but not performing attest services shall be eligible to register as a firm of certified public accountants;
- Specify that an out-of-State individual who offers or renders professional services in person or by mail, telephone, or electronic means "shall be granted practice privileges in this State," which is consistent with the appearance of this provision throughout other parts of the bill; and
- Clarify that a New Jersey licensee offering or rendering services or using a professional title in another state shall be subject to

discipline in New Jersey for acts committed in the other state “for which the licensee would be subject to discipline for an act committed in that state.”

This bill, as amended, is identical to Assembly Bill No. 2466.

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.